

**DANVILLE INDEPENDENT BOARD OF EDUCATION'S
ADMINISTRATION OF BOYLE COUNTY'S ADULT
EDUCATION GRANTS FROM THE COUNCIL ON
POSTSECONDARY EDUCATION AND KENTUCKY
ADULT EDUCATION**

**For The Period
July 1, 2008 Through June 30, 2009**



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September 14, 2010

Reecie Stagnolia, Vice President
Kentucky Adult Education
Council on Postsecondary Education
1024 Capital Center Drive, Suite 250
Frankfort, KY 40601

Carmen Coleman, Superintendent
Danville Independent Board of Education
152 E. Martin Luther King Blvd.
Danville, KY 40422

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Coleman:

This report contains the results of the performance audit of Danville Independent Board of Education's administration of the Boyle County adult education grant for the fiscal year (FY) ending June 30, 2009. The Council on Postsecondary Education and Kentucky Adult Education contracted with this office to conduct performance audits of selected local adult education programs. This report represents our findings, recommendations, and the program's responses.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen".

Crit Luallen
Auditor of Public Accounts

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AS OF JUNE 30, 2009**

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Boyle County adult education program for a limited scope performance audit of its adult education grant. The Danville Independent Board of Education is responsible for the administration of this grant. An on-site review was conducted on April 12, 2010 through April 13, 2010, to address the following objectives:

- Determine whether the local program's expenditures comply with the terms of their grant agreement and reconcile to invoices submitted.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local program's professional development activities comply with the FY 2008-2009 professional development policies and procedures.
- Report internal control weaknesses identified during our audit that relate to the audit's objectives.

To accomplish these objectives, the performance audit team reviewed the Policy and Procedure Manual for Kentucky Adult Education, as well as the local program's grant proposal and final agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements.

Below is the summary of findings:

FINDINGS SUMMARY

Finding	Disallowed Costs
Participants aged 16 to 18 years must provide official documentation of withdrawal from school in order to be eligible. Two participant files did not contain an applicable withdrawal statement.	N/A
One participant file did not contain evidence of an approved formal assessment.	N/A
Six participant files did not contain evidence to support that goals were met as reported in AERIN.	N/A

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Two applicable participant files did not contain a Post-Assessment Exception Form.	N/A
Five participant files did not contain sufficient evidence to support their attendance hours recorded in AERIN.	N/A
Two full time instructors' professional development training did not include one professional development activity from a specified list in the KYAE Policy and Procedure Manual.	N/A

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RESULTS AND RECOMMENDATIONS

FINANCIAL REPORTING AND COMPLIANCE

Scope and Methodology

The KYAE-10 Expenditure Reports were compared to the line item budget approved in the final agreement. This comparison was used to determine whether the program's reimbursements complied with the approved budget.

The KYAE-10 Expenditure Reports were then compared to the local program's internally generated financial records. This comparison was used to determine whether the program's accounting records support the total amount requested for reimbursement on the KYAE-10 Expenditure Reports.

Findings

No exceptions were noted.

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PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

A total of 42 participants were selected randomly from the electronic student data sent from KYAE. Documentation maintained in the participant files was compared to the electronic student data. We examined the files for the following:

- Proper eligibility documentation.
- Proper assessment testing.
- Evidence to support the achievement of goals/objectives reported to KYAE.
- Other requirements based upon the applicable program requirements.

The participants tested received services during the period from July 1, 2008 through June 30, 2009.

Findings

Proper file maintenance and accurate data entry are important to support and document participant data submitted electronically in AERIN. Programs are to maintain assessment forms on file for three years. Any achievement or completion of goals should be documented. The following exceptions were noted:

- Participants aged 16 to 18 years must provide official documentation of withdrawal from school in order to be eligible. Two participant files did not contain an applicable withdrawal statement.
- One participant file did not contain evidence of an approved formal assessment.
- Six participant files did not contain evidence to support that goals were met as reported in AERIN.
- If a goal of 30-35 or 41-46 was met on or after January 1, 2009, and less than 50 instructional hours were accumulated prior to the post-assessment test being given, then a Post-Assessment Exception Form must be completed. Two applicable participant files did not contain a Post-Assessment Exception Form.
- Five participant files did not contain sufficient evidence to support their attendance hours recorded in AERIN.

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Recommendations

We recommend the program create a checklist for participant files to facilitate a periodic review of the contents to ensure that the required documentation is being maintained. The person entering participant data should require documentation for any data entry performed on a participant and any deficiencies should be reported to the Program Director.

Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]

The person who tested without a withdrawal form did not come back to the learning center. The other student we failed to get a withdrawal form. Every orientation we go over this with every student who is 16, 17, or 18 years old must have a withdrawal form.

The TABE instrument was not on file for this one student but she did have where the test had been graded and had her scores. With files being moved and several instructors looking at student files, progress test can very easily be misplaced. We work extra hard in keeping files in order and what they need to contain.

I know that everyone must have a post-assessment exception form if they have less than 30 hours. The Policy changed in mid-year with the test hours being within the 30-50 hour range for some reason these two students still got a progress test in the AERIN system without the exception form. We take every effort in seeing that all files have the post-assessment exception form when they are needed.

With the five who's hours did not match with AERIN; this was the first year that the AERIN data system was used and there were many errors. There were hours that the system did not pick up and sometimes there would be more hours than there should be for one person. It would be impossible for me not to enter a 100 hours on a person, without my catching the error. In the future there will be more paper and pencil to make sure data is correct. So the error was AERIN new data system, not the adult education program. There was one person who's data was put in the AERIN system by mistake her low score was in language and when she progress tested she was tested in reading instead of language and the reading score ended up in the language by mistake.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of payroll disbursements was judgmentally selected for payroll testing. Documentation of hours worked was examined for existence and approval. Personnel files were examined to verify that staff had received the required professional development training hours and had the proper educational credentials required for their position.

Findings

All instructors who work 20 hours or more each week are required to complete one professional development activity from a specified list in the KYAE Policy and Procedure Manual as part of their required eight hours of professional development training. Two instructors did not comply with this requirement.

Recommendations

We recommend that instructors who work 20 hours or more each week complete one of the professional development activities listed in the KYAE Policy and Procedure Manual and that this information is documented in the employee's file.

Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]

With me being director I did not have to do the PD activity that was listed and I had over my PDU for FY09. The other instructor had over her hours and did not do the PD that was listed.

Auditor Reply

As stated in the finding, the KYAE Policy and Procedure Manual requires that instructors who work 20 hours or more each week are required to complete one PD activity from the a specified list of training options. According to KYAE staff, this requirement also applies to the program director.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 8 expenditures, representing at least 20 percent of the total purchases, was selected judgmentally from the detailed general ledger. These expenditures were tested for authorization/approval, supporting documentation, and proper recording. We also verified that the expenditures were made during the grant period from July 1, 2008 through June 30, 2009.

Findings

No exceptions were noted.

PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE

Scope and Methodology

Professional development expenditures were tested for proper authorization, supporting documentation, and adherence to approved rates and reimbursement policies. A sample of one expenditure, representing 34 percent of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

Findings

No exceptions were noted.

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INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Danville Independent Board of Education's program director was given an Internal Control Questionnaire regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The questionnaire was completed by the program director and/or the fiscal administrator and reviewed by the audit team for any significant control deficiencies.

Findings

No significant control deficiencies were noted.

